



House of Representatives

General Assembly

File No. 342

February Session, 2016

Substitute House Bill No. 5333

House of Representatives, March 31, 2016

The Committee on Higher Education and Employment Advancement reported through REP. WILLIS, R. of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 10a-224 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2016*):

4 (c) (1) Before the issuance of any bonds or notes under the
5 provisions of this chapter, the chairman and vice-chairman of the
6 board of directors, the executive director and any other member of the
7 board authorized by resolution of the board to handle funds or sign
8 checks of the authority and any other authorized officer shall execute a
9 surety bond in the penal sum of fifty thousand dollars, or in lieu
10 thereof the chairman shall obtain a blanket position bond covering the
11 executive director and every member of the board and other employee
12 or authorized officer of the authority in the penal sum of fifty
13 thousand dollars. Each such bond shall be conditioned upon the

14 faithful performance of the duties of the principal or the members,
15 executive director and other authorized officers or employees, as the
16 case may be, shall be executed by a surety company authorized to
17 transact business in the state as surety, and shall be filed in the office of
18 the Secretary of the State. [The cost of each such bond shall be paid by
19 the authority.] The authority shall pay the cost of each such bond.

20 (2) In lieu of a bond, the authority may obtain from an insurance
21 company an insurance policy or policies, in the penal sum of not less
22 than one hundred thousand dollars per each occurrence, covering the
23 authority if the executive director or other officer or employee of the
24 authority or any member of the board performing specific directorial
25 acts on behalf of the authority fails to faithfully perform the duties of
26 such person's position with the authority. The authority shall
27 determine any applicable deductible or self-insured retention and pay
28 the cost of the coverage for such policy.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2016	10a-224(c)
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HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which provides alternative purchasing options to the Connecticut Higher Education Supplemental Loan Authority (CHESLA), is not anticipated to result in a fiscal impact to the state, as it will not alter its overall fund balance.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5333*****AN ACT CONCERNING THE CONNECTICUT HIGHER EDUCATION
SUPPLEMENTAL LOAN AUTHORITY.*****SUMMARY:**

By law, the Connecticut Higher Education Supplemental Loan Authority (CHESLA) cannot issue bonds or notes unless its chairperson, vice-chairperson, executive director, other board members authorized to handle funds or sign checks, and any other authorized officer execute a \$50,000 surety bond. Alternatively, the chairperson may obtain a \$50,000 blanket position bond covering all board members, the executive director, and other employees or authorized officers. CHESLA must pay the cost of the bond in either case, and both bonds are conditioned upon the faithful performance of duties.

This bill allows CHESLA, as an additional alternative, to purchase one or more insurance policies of at least \$100,000 per occurrence. The policies must cover the authority if the executive director or other officer, employee, or board member performing specific directorial acts fails to faithfully perform his or her duties. CHESLA must determine any applicable deductible or self-insured retention and pay the policy's cost.

EFFECTIVE DATE: July 1, 2016

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/15/2016)